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UNCLAS LAGOS 002069

SIPDIS

OPIC COLLECTIVE FOR CONAL DUFFY  
AMEMBASSY GABORONE FOR LESLIE BASSETT  
AMEMBASSY FREETOWN FOR ALEX SEVERENS

E.O. 12958: N/A

TAGS: [ASEC](#) [CASC](#) [ELAB](#) [ENRG](#) [EPET](#) [KDEM](#) [NI](#) [PGOV](#) [PHUM](#)

SUBJECT: Strike Begins Thursday, October 9

REF: (A) LAGOS 02043 (B) ABUJA 01700

1. Following its emergency National Executive Council (NEC) meeting in Ibadan on Saturday, October 4, the Nigeria Labour Congress (NLC) announced a nationwide strike to begin at midnight on Thursday, October 9. NLC President Adams Oshiomhole said the Thursday start date allows labor leaders and NGOs to strengthen their mobilization efforts and gives workers time to prepare for the anticipated long battle with the GON. Oshiomhole said the strike and campaign against price deregulation in the oil sector will be managed under the auspices of a broad coalition of trade unions, civil society organizations, and other NGOs. This partnership will be known as the Labor Civil Society Coalition (LASCO). LASCO has demanded that gas prices return to the pre-October 1 rate of 34 naira per liter, the repair and full operation of all local refineries, and a publication of contracts awarded for the repair of refineries.

2. Oshiomhole said the decision to deregulate fuel prices is not a party policy or party agenda, but solely that of a President "who does not care about the plight of his people." He added that previous administrations offered specific strategies regarding the use of money derived from such increases while the GON has not explained how it plans to spend the money saved by deregulating gas prices. Oshiomhole also warned that price hikes will occur regularly and could reach two hundred naira before the end of Obasanjo's tenure.

3. Aviation workers under the National Union of Transport Workers (NUATE) and Air Transport Service Senior Staff Association of Nigeria (ATSSAN) have decided to join the strike and advised airlines not to use Nigerian airspace. Unlike the July strike to protest an earlier price hike, ATSSAN claims air traffic controllers are prepared to join the effort, which would likely ground both domestic and international flights. Uncertainty regarding air travel in Nigeria may affect the All Africa Games, prompting many international visitors to consider whether they should leave early or risk being trapped in Nigeria until the crisis is resolved.

4. (SBU) Comment: While the least likely scenario would be a resolution that includes a return to regulated prices and government subsidies, it is still not clear how the GON will react to the planned strike. Despite a deteriorating relationship between the GON and NLC, Oshiomhole maintains a good working relationship with Obasanjo and will likely seek a negotiated resolution. If the two sides reach an agreement, Oshiomhole will have to sell it to a constituency that already believes the GON does not bargain in good faith, as the government has failed to implement several agreements during the past year.

5. The GON continues to defend its decision to deregulate the downstream sector, however, President Obasanjo and several top government chieftains have consistently dissociated themselves from actual increases in gas prices. Instead, government officials have been quick to blame oil marketers for the price hikes. The GON will likely refuse to negotiate the issue of gas prices with labor under the pretext that it is not responsible for the increases. A prolonged strike may force the GON to consider a strategy that defines how the GON plans to spend money saved by deregulating prices. This type of agreement is not without precedent. The two previous administrations addressed criticism of increased fuel prices by establishing socioeconomic development initiatives. Babangida formed the Directorate for Food, Road and Rural Infrastructure and Abacha established the Petroleum Trust Fund. We predict that LASCO will back down on the issue of deregulation, but it could push for a resolution that redirects funds previously used for subsidizing imported fuel to repair Nigeria's refineries and promote economic development. However, it will be virtually impossible for the refineries to be brought up to anything approaching a competitive standard in the near future.

6. The duration of the strike depends largely on labor's ability

to convince Trade Union Congress (TUC) associations to join the effort, particularly air traffic controllers under ATSSAN and the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN). ATSSAN would have a significant impact on international travel at a time when Nigeria is hosting thousands of international visitors, while the Department of Petroleum Resources (DPR) employees under PENGASSAN can affect the oil industry's ability to export petroleum products. DPR is Nigeria's oil and gas industry's regulatory body responsible for authorizing crude oil exports. Their involvement may bring the two sides to the negotiating table sooner than expected. End comment.